

Message Text

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SUBJECT: PROPOSED PL 480 TITLE III PROGRAM FOR HAITI

REF: (A) OTTAWA 1942; (B) STATE 092615

1. DEPARTMENT APPRECIATES EMBASSY'S EFFORTS TO OBTAIN
FAVORABLE GOC DECISION ON OUR TITLE III PROPOSAL AND
DETAILED REPORT OF CANADIAN REACTION PROVIDED REFTEL. THE
FOLLOWING RESPONDS TO QUESTIONS RAISED BY CANADIANS
PARAGRAPH THREE.

2. COMMERCIAL IMPACT OF TITLE III PROGRAM. WE RECOGNIZE
THAT THE LEVEL OF WHEAT PROPOSED AND POSSIBLE INCREASE OVER
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TIME COULD HAVE AN ADVERSE IMPACT ON CANADA'S COMMERCIAL
SHARE OF HAITI'S WHEAT MARKET. FOR THAT REASON WE ARE
CONSULTING WITH THE GOC IN ACCORD WITH ARTICLE 9 OF
INTERNATIONAL WHEAT AGREEMENT. WHILE CASE CAN BE MADE FOR
ASKING CANADA TO CEDE PART OF ITS HAITI MARKET BASED ON

HUMANITARIAN GROUNDS, BECAUSE OF THE INHERENT MERITS OF

THE TITLE III PROPOSAL, AND GIVEN HAITI'S PROSPECTIVE BALANCE OF PAYMENTS PROBLEMS, OUR PREFERENCE IS TO HAVE CANADA JOIN WITH US IN THIS PROPOSED ASSISTANCE PROGRAM BY PROVIDING ITS WHEAT ON A GRANT OR CONCESSIONAL BASIS. UNDER THIS APPROACH CANADA WOULD PRESERVE ITS SHARE OF THE MARKET AND THERE WOULD NOT BE ADVERSE IMPACT ON ITS WHEAT EXPORTS.

3. COMPOSITION OF U.S. ASSISTANCE. WHEAT AND VEGETABLE OIL ARE HAITI'S TWO CURRENT MAJOR IMPORTS OF FOOD WHICH THE COUNTRY DOES NOT PRODUCE (PRODUCTION OF VEGOIL IS NEGLIGIBLE). IN THE CASE OF VEGOIL, WHERE U.S. COMMERCIAL SUPPLIERS HAVE VIRTUALLY THE ENTIRE HAITIAN MARKET, WE PROPOSE TO WAIVE UMR AND FINANCE ALL VEGOIL IMPORTS UNDER TITLE III GRANT PROGRAM. HAITI NEEDS NO IMPORTS OF CORN THIS YEAR, AND ONLY LIMITED IMPORTS OF RICE, WHICH WE ARE PLANNING TO SUPPLY UNDER PL 480. BEANS, ANOTHER MAJOR FOOD IMPORT, ARE ALSO PRODUCED BY HAITI AND, IN ANY EVENT, ARE NOT PRESENTLY AVAILABLE UNDER THE PL 480 PROGRAM. FROM THE ABOVE AND THE ANALYSIS OF OUR MISSION IN HAITI, WE DO NOT SEE SIGNIFICANT OPPORTUNITIES TO SUBSTITUTE OTHER COMMODITIES FOR WHEAT AS PART OF THE PROGRAM.

4. CARIBBEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT. WE VIEW PROPOSED TITLE III PROGRAM AS PART OF THE OVERALL EFFORT OF THE U.S., IN WHICH WE HOPE OTHER DONORS WILL LIMITED OFFICIAL USE

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PARTICIPATE, TO EXPAND ASSISTANCE TO THE CARIBBEAN. ALSO, THE TITLE III PROGRAM FOR HAITI WOULD RESPOND TO A GENERAL CARIBBEAN PROBLEM IDENTIFIED BY IBRD, I.E., WEAK BALANCE OF PAYMENTS SITUATION AND LACK OF COUNTERPART FOR DEVELOPMENT PROJECTS.

5. PRECEDENT OF GOC ASSOCIATION WITH REFORM ELEMENTS OF PROGRAM. WE ARE COMPLETELY OPEN ON HOW GOC WOULD PARTICIPATE IN PROGRAM AND BELIEVE PRECEDENT NEED NOT BE ISSUE AT THIS TIME. FOR EMBASSY'S BACKGROUND, THE VARIOUS FISCAL AND ADMINISTRATIVE REFORMS WHICH ARE PART OF TITLE III PACKAGE HAVE BEEN DISCUSSED AT LENGTH PREVIOUSLY IN ANNUAL MEETINGS OF OAS-SPONSORED JOINT COMMISSION ON ASSISTANCE TO HAITI WHERE CIDA IS REPRESENTED. WE HOPE THAT THE GOH WILL MAKE A PUBLIC COMMITMENT ON SOME OF THE FISCAL REFORMS DISCUSSED IN JOINT COMMISSION AT COMMISSION'S NEXT MEETING SCHEDULED FOR JUNE 12-14 IN HAITI. WE DO NOT EXPECT TO HAVE TITLE III AGREEMENT NEGOTIATED AND READY TO SIGN BEFORE EARLY FY 1979 AND DO NOT BELIEVE CANADIAN PARTICIPATION WOULD CREATE PRECEDENT PER PARA. 3 (D), REF. (A).IN FY 1978, THEREFORE, WE NOW

PLAN TO GO AHEAD WITH A TITLE I PROGRAM AT ROUGHLY THP SAMF LEVEL AS FY 77 WHICH SHOULD NOT REQUIRE MODIFICATION OF STANDARD UMR.

6. HUMAN RIGHTS. THE PROPOSED TITLE III PROGRAM FOR HAITI WAS REVIEWED CAREFULLY FOR HUMAN RIGHTS CONSIDERATIONS BY THE DEPARTMENT, A.I.D., AND THE INTER-AGENCY GROUP FOR HUMAN RIGHTS AND FOREIGN ASSISTANCE. THE PROGRAM WAS APPROVED BY THE INTER-AGENCY GROUP ON THE BASIS OF THE EXISTING TREND OF HUMAN RIGHTS IMPROVEMENTS WE HAVE OBSERVED IN HAITI AND IN VIEW OF PROGRAM'S IMPACT ON HUMAN NEEDS IN HAITI (VITAL NEEDS BEING "BASKET TWO" OF THE USG'S HUMAN RIGHTS POLICY CONCERNS). THE TITLE III AGREEMENT WILL INCLUDE A PROVISION THAT THE PROCEEDS MUST BE USED FOR LIMITED OFFICIAL USE

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SPECIFIC PROJECTS OR PROGRAMS WHICH BENEFIT THE NEEDY PEOPLE OF HAITI, AND THE GOH MUST PERIODICALLY FURNISH INFORMATION DEMONSTRATING HOW PROCEEDS ARE BENEFITTING THE NEEDY.

7. VANCOUVER IDB MEETING. BRIEFING MATERIALS PROVIDED ASSISTANT ADMINISTRATOR VALDEZ PRIOR TO HIS DEPARTURE FOR VANCOUVER INCLUDED TALKING POINTS TO BE USED IN DISCUSSING PROPOSAL WITH CANADIAN REPRESENTATIVES. ASHLEY HEWITT, DIRECTOR, ARA/CAR, AND WILLIAM WHEELER, DIRECTOR, LA/CAR, WILL BE IN OTTAWA APRIL 20 TO DISCUSS ISSUES IN PREPARATION FOR NEXT IBRD MEETING ON CARIBBEAN. THIS VISIT SHOULD PROVIDE FURTHER OPPORTUNITY TO DISCUSS TITLE III HAITI PROPOSAL IN CONTEXT CARIBBEAN COOPERATION.

8. CANADIAN NOTE. WE WILL RESPOND TO NOTE (PARAGRAPH 7, REF. A) ALONG GENERAL LINES OF PARAGRAPH 2 ABOVE.

9. PLEASE DRAW ON ANY OF THE ABOVE IN FOLLOW UP OF PROPOSED TITLE III PROGRAM WITH GOC OFFICIALS. CHRISTOPHER

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